[Mr. M. Govinda Pillai.]

28. *Rural Uplift.* The House will observe a new feature in this Budget, consisting in the setting apart of Rs 50,000 for being utilised for rural welfare work. Seven Village Panchayats, constituted under Act VII of 1100, have been in existence for some years; but the results have fallen short of expectations. It is therefore proposed to introduce a scheme to rehabilitate the Village Panchayats. The ideal is to have Village Panchayats in every pakuthy in every taluk. Government, however, propose next year to select one pakuthi in each taluk for the inauguration of rural welfare work. The most suitable villages will be selected for the purpose. All the nation-building departments will as far as possible be represented in the Panchayat and the Tahsildar of the taluk will be the Chairman. It is expected that the changes now proposed will have the desired effect and that the Panchayats will be enabled to undertake as many duties as possible according to the needs and conditions of the several villages. The idea underlying the scheme is that subsidy will be granted to those localities which are willing to supply labour or money towards schemes of immediate practical urgency and value to the rural parts—*e. g.* village roads, rural wells, local sanitation and conservancy and so on.

CAPITAL EXPENDITURE.

29. Our expenditure on capital schemes next year is estimated at Rs. 54·25 lakhs. The provision relates mostly to schemes started in proceding years and now in progress.

They are—

A. Non-productive works.

		Rs.
Water Supply schemes	...	6 lakhs
Drainage Schemes	...	6 ,,
Town Planning Schemes	...	2 ,,
Military Works	...	2 ,,
Miscellaneous	...	8·5 ,,
Total	...	24·5 lakhs

B.—Productive Schemes included under Debt Heads.

Pallivasal Hydro Electric Project	...	20·00 lakhs
Ceramic Factory	...	·50 ,,
Commercial Transport	...	1·75 ,,
Telephone Schemes	...	3·00 ,,
Other Electrical Schemes	...	2·50 ,,
Total	...	27·75 lakhs
Loan to the Cochin Harbour authorities towards the fourth stage works	...	2·00 ,,
Grand total	...	54·25 lakhs.

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30. *Water Supply schemes.* The capital outlay on the Trivandrum Willingdon Water Works is expected to stand at Rs 58·2 lakhs at the end of this year and the expenditure provided for in the budget is Rs ·50 of a lakh for extension of street mains and settlement of contractors' accounts and other liabilities.

The schemes for the supply of water in the towns of Alleppey and Shencottah are progressing and it is expected that the Supply could be begun in October next. The water supply scheme for the Nagercoil town is also making fairly good progress.

31. *Trivandrum Drainage.* Sewer-laying work is in good progress, as also the construction of manholes and house connections. Pumps for the Pumping Station at Kuriathi and the sub-pumping Station at Karamanai are expected to arrive from abroad and be installed towards the middle of next year. The construction of the Pump House will be started soon after the monsoons. The expenditure under the scheme would stand at about Rs 16·3 lakhs by the end of this year. An expenditure of Rs 5·7 lakhs has also been provided for in the next year's budget.

32. *Railways.* The capital charge for the Quilon-Trivandrum Railway and the Chakai-Thampanur Extension at the close of the year ended 31st March 1938 was B. Rs. 52·69 lakhs and B. Rs. 27·29 lakhs respectively. The budget estimate for 1115 provides for a sum of Rs. 26,790 mainly to meet payments on account of land acquisition charges anticipated to be decreed by courts. The South Indian Railway Administration is now working the Extension provisionally as part of the Quilon-Trivandrum Section, pending settlement of the terms which are still under consideration. The agreement is expected to be drawn up shortly.

The working of the Travancore Railway resulted in a loss of B' Rs. 52,188 for the year ended 31st March 1939 representing the deficit in the interest guaranteed by the Government, the amount being worked out on yearly calculations in accordance with the revised orders of the Government of India. A sum of B. Rs. 13,092 has also been refunded by the Railway Company in addition to the sum of B. Rs 15,052 already refunded as mentioned in my predecessor's speech last year.

In this connection, I may also inform the House that our representation for the reduction of the rate of interest, with retrospective effect, on moneys advanced by the Secretary of State for discharging debentures in 1924 and 1926, from $5\frac{1}{2}$ per cent to $3\frac{1}{4}$ per cent per annum is still under the consideration of the Central Government. The probable savings if the Central Government accept our representation would be about Rs ·75 of a lakh.

Commercial Undertakings.

33. *Pallivasal Hydro-Electric Project.* The works in connection with this scheme are nearing completion. The sub-stations at Mavelikara, Kundara, Pallom, Kothamangalam and Alwaye are ready. The construction of the new Power House at Pallivasal is over and the generating plant is being re-erected. The major transmission lines are

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